

**DG 21-144**  
**NORTHERN UTILITIES, INC.**  
**PETITION FOR APPROVAL OF SPECIAL CONTRACT**  
**REDACTED RECORD RESPONSES**

**Data Request Issued: 9/15/22**  
**Request No. RR-4**

**Date of Response: 9/23/22**  
**Sponsor: Dean Landry**

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**RR-4:** How many New Hampshire employees did Foss have at the end of the following years: 2017, 2018, 2019, 2020, 2021; and how many are there today?

**Response:**

2017: ■■■  
2018: ■■■  
2019: ■■■  
2020: ■■■  
2021: ■■■  
2022: ■■■ (as of today)

A number of factors have contributed to the decline in employees. Normal attrition and retirements have contributed significantly to the current employee count and the effects of COVID exacerbated matters in 2020.

New Hampshire unemployment is at 2% right now and has been at a historically low level for quite some time. We are working diligently to fill vacancies, and increased wages from ■■■ to ■■■ in February of 2022 and from ■■■ in August of 2022, but it is a continuous struggle to find people in this tight labor market.

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**Request No. RR-5**

**Date of Response: 9/23/22**  
**Sponsor: Dean Landry**

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**RR-5:** For each month in 2021, please provide the minimum usage/take requirement determined in the special contract for natural gas and compare this to the Foss actual usage for equipment that runs on gas only.

**Response:**

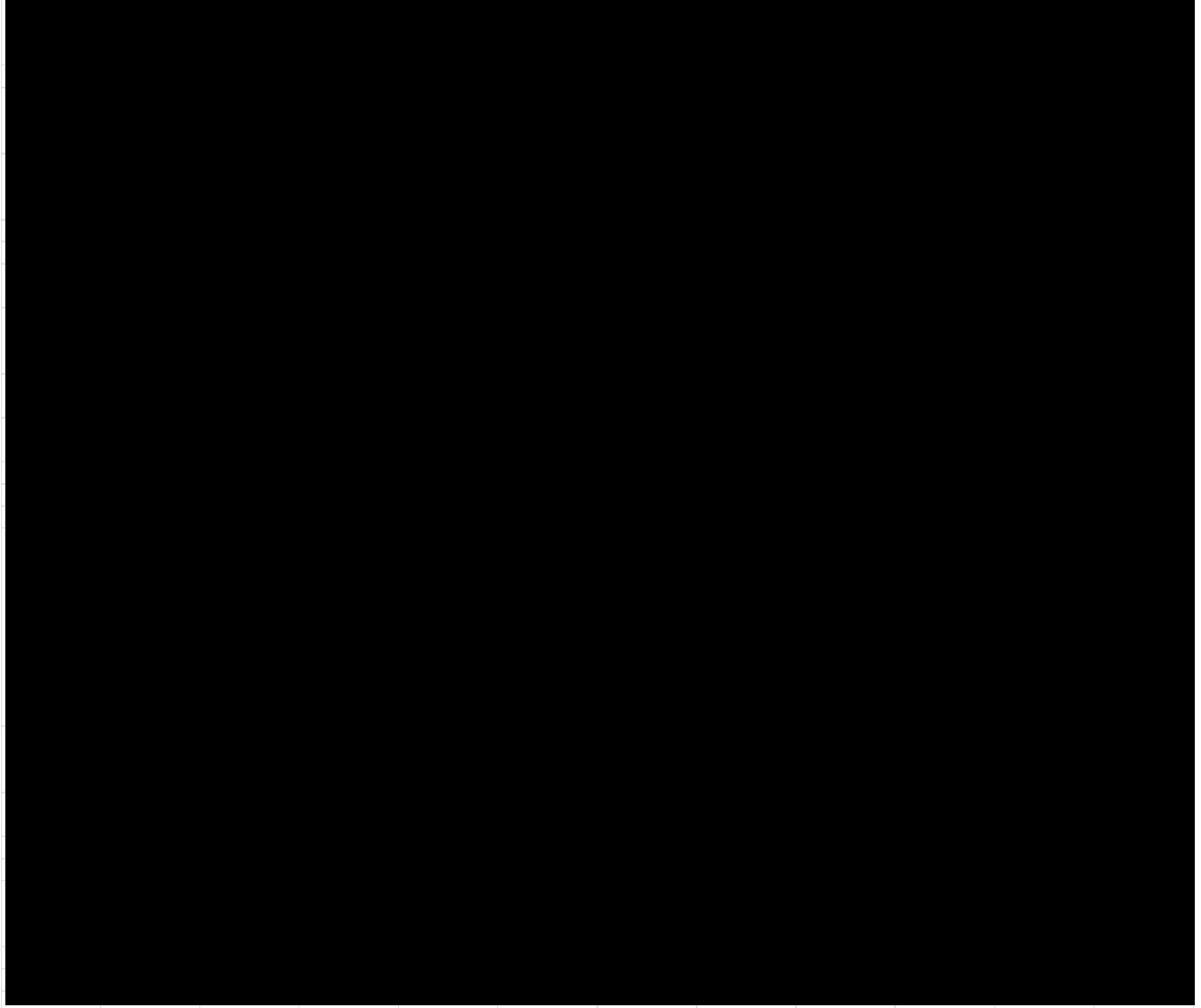
The minimum annual usage/take requirement under the special contract is [REDACTED] (“Dth”). In 2021, Northern Utilities, Inc. (“Northern”) delivered [REDACTED] Foss used [REDACTED] Dth to run the turbine to generate electricity and [REDACTED] to run gas-only equipment, which includes boilers, drying equipment, crystallizer, draw lines, steam heat, etc. The monthly information is set forth below.



The minimum contracted Dth in 2021 was [REDACTED] of total actual purchases.  
The gas-only equipment usage in 2021 represented [REDACTED] of the minimum contracted Dth.

If the switch were made to electricity as the primary fuel source, the gas-only equipment usage would increase by an estimated [REDACTED] to compensate for the loss of co-generation energy from the turbine. The gas only equipment would all have to be ramped up using natural gas to cover the co-generation loss, which would increase annual usage to approximately [REDACTED].

That being said, relying on electricity as the primary fuel source is very unlikely in the current environment because the economics and efficiency of producing a kWh by the turbine is much less than purchasing from the market. See below.



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**Request No. RR-6**

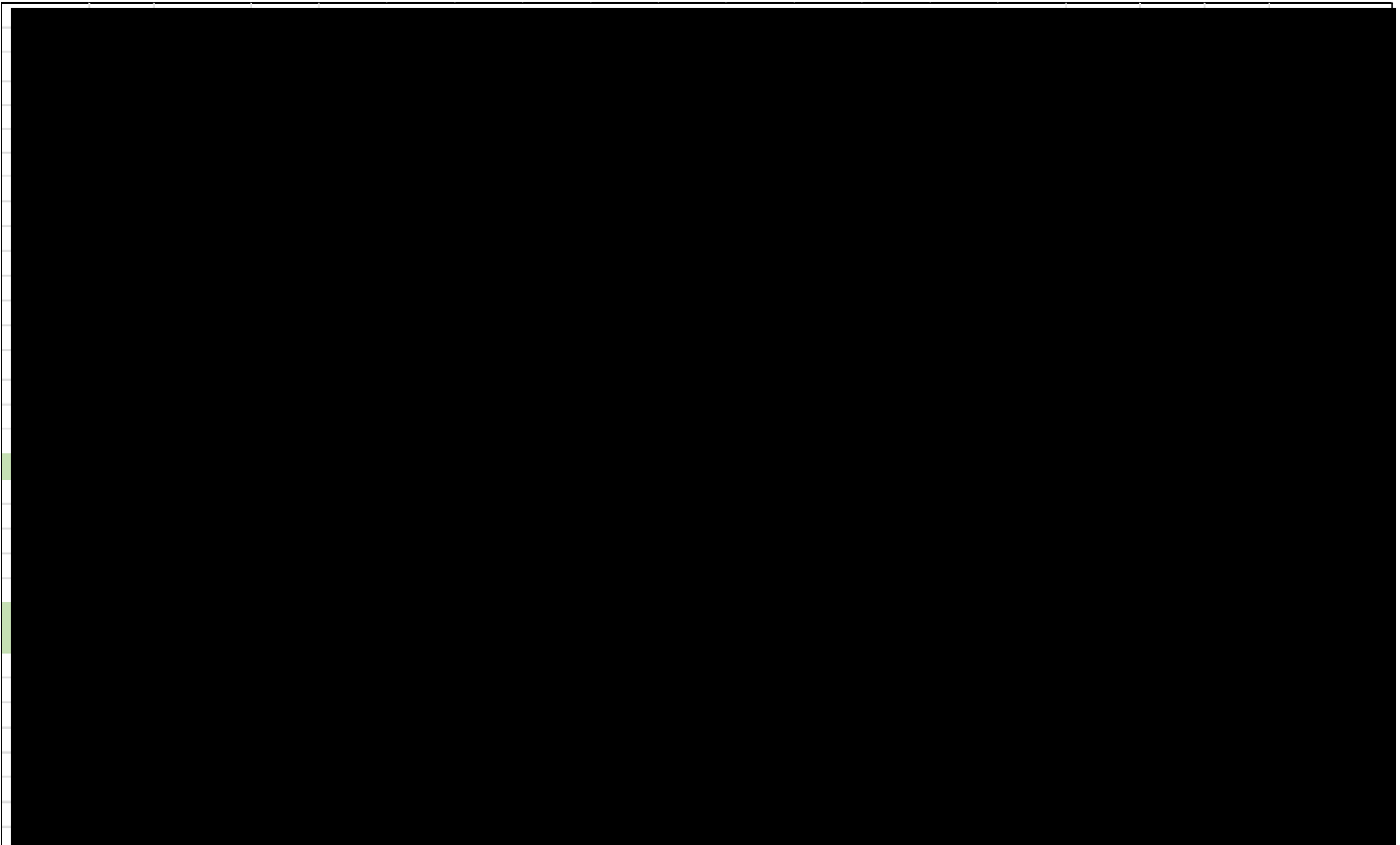
**Date of Response: 9/23/22**  
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**RR-6:** If Foss had fully transitioned to electricity in 2021 for all existing equipment capable of being powered by electricity, what would be the impact on its gas usage? Please provide an analysis of the impact on the revenue and compare it with the marginal cost, as well as the minimum annual payment.

**Response:**

Under the hypothetical, total gas usage would have been reduced by [REDACTED]. Accounting for the increased consumption by the gas-only equipment, to compensate for the lost steam production from turbine exhaust (an increase of [REDACTED], gas usage would have exceeded the minimum required by [REDACTED]. Northern's revenue from Foss would have been reduced by [REDACTED]. Foss does not have access to Northern's marginal costs.



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**Request No. RR-7**

**Date of Response: 9/23/22**  
**Sponsor: Dean Landry**

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**RR-7:**

- a. Please provide Foss's total operating costs for 2021 (in dollars).
- b. Please provide the operating costs attributable to the Special Contract Rate (in dollars).
- c. What percentage of Foss's total 2021 operating costs are attributable due to the Special Contract rate?
- d. What percentage of Foss's total 2021 operating costs are comprised of natural gas commodity costs? Please provide the natural gas commodity costs in dollars as well.

**Response:**

- a. Total operating costs [REDACTED]
  - Labor - [REDACTED]
  - Total Utilities - [REDACTED]
  - Natural Gas only - [REDACTED]Non-Labor operating costs [REDACTED]
  - Total Utilities - [REDACTED]
  - Natural Gas only - [REDACTED]
- b. Special contract rate purchases for the transport of natural gas were [REDACTED]
- c. Special contract rate purchases equal [REDACTED] of total operating costs and [REDACTED] of non-Labor operating costs.
- d. Natural gas commodity costs for 2021 were [REDACTED] comprising [REDACTED] of total operating costs or [REDACTED] on non-labor operating costs.

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<sup>1</sup> In comparison, AstenJohnson Non-Wovens operates a similar facility in St Louis. The total utility spend is [REDACTED] of total operating expense. The cost of utilities in New Hampshire is of major concern to AstenJohnson / Foss.

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**Request No. RR-8**

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**RR-8:** What impact would a 20 percent decrease in natural gas transportation costs have on Foss's net income? Please provide both the dollars and percent impact.

**Response:**

All investment decisions come under great scrutiny by Foss [REDACTED]  
[REDACTED]  
[REDACTED] decrease in natural gas transportation costs" would  
increase Foss' current costs by [REDACTED] effectively reducing Foss's income by that amount.  
Based on the marginal EBIDTA, the percent impact could be from [REDACTED]

Because we are already in a compromised position to our competition and our own other sites, the removal of the special contract rate would significantly impact an already weakened position. Forecasts for commodity and transport of natural gas and electric prices for 2023 are projected to be significantly higher than 2022 costs. Removal of the special contract rate would therefore exacerbate an increasingly difficult competitive situation. Planned capital investment returns for the New Hampshire location are being reviewed because of high-cost head winds, especially energy (additionally, labor costs, staffing, affordable housing, freight, etc.).

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**Request No. RR-9**

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**RR-9:**

- a. Please quantify the total Power (MW) in 2021 required by Foss (gas and electricity). Then provide the 2021 Power (MW) required to run the equipment that must be powered by gas.
- b. For 2021 calculate Foss's actual spend (transportation and commodity costs) for gas and also the total spends for electricity.

**Response:**

- a. Total Power MW required by Foss in 2021 was [REDACTED] of which [REDACTED] was generated by gas and [REDACTED] by electricity. For the equipment that must be powered by gas the MW for 2021 was [REDACTED]

